



JAMES A. NOYES, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

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IN REPLY PLEASE

REFER TO FILE: **FI-0**

May 22, 2003

TO: Each Supervisor

FROM: James A. Noyes  
Director of Public Works

### **FISCAL YEAR 2003-04 STATE BUDGET IMPASSE**

The absence of an approved State Budget by July or August of 2003 will impact the types of payments the State Controller will continue to make in the 2003-04 Fiscal Year. In the past, the State Controller's office has withheld certain payments until there is an approved budget. Included in the payments that were withheld was the State Highway Users Tax apportionment. We anticipate that the State Controller will follow the same procedure again.

The County receives an average of \$10 million per month in State Highway Users Tax apportionment from the State. Our analysis indicates that the Road Fund is projected to exhaust all available cash in October/November of 2003 if the State Controller does not remit the State Highway Users Tax apportionment to the County as normally scheduled.

We have already contacted the Auditor-Controller's office to advise them of the potential situation. We are closely monitoring the State Budget and will confirm the specific impact that a delayed Budget would impose on the Road Fund. The Auditor-Controller advises that, until the magnitude of a delayed State Budget can be evaluated for the County's overall cash position, a specific remedy for the Road Fund cannot be determined. However, we will continue to work with the Auditor-Controller to evaluate opportunities for a temporary advance of cash to the Road Fund in the event that it becomes necessary. We feel confident that we will be able to continue our normal road construction and maintenance activities in the event that the State Controller withholds payments as a result of a Budget stalemate at the State level.

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H:\NEGATIVE CASH BOARD MEMO FY03-04-REV 1

cc: Chief Administrative Office  
Executive Office  
Auditor-Controller

